

EXHIBIT A

CORPORATE INTEGRITY AGREEMENT

PREAMBLE

Jalopy Shoppe, Inc. d/b/a Mediserv, and Breathco, Inc. (collectively, "the Company") desires to demonstrate that it can be trusted to deal fairly and honestly with the Health Care Financing Administration (HCFA), Medicare and Medicaid beneficiaries, and the Office of Inspector General (OIG), and to take the actions as specified herein to assure the OIG that the Company possesses the high degree of business honesty and integrity required of a Medicare or Medicaid supplier.

The Company, therefore, agrees to the terms and conditions set out below:

I. Corporate Integrity Policy and Code of Business Standards

The Company agrees to implement a Corporate Integrity Program as described more fully below. The period of this Agreement shall be four (4) years from the date of execution of this Agreement. The annual submissions required under the Agreement shall be submitted on the anniversary date of the execution of this Agreement. All reports and notifications required under this Agreement shall be sent to: ATTN: Eileen Boyd, Deputy Inspector General, Office of Enforcement and Compliance, Office of Inspector General, U.S. Department of Health and Human Services, Cohen Building Room 5600, 330 Independence Avenue, S.W., Washington, D.C. 20201 (202) 619-0070.

The Company agrees to implement the following measures within ninety (90) days of execution of this Agreement.

A. Code of Business Conduct

The Company will implement a Code of Business Conduct (Code) to ensure compliance with all applicable Medicare and Medicaid laws, regulations, and program requirements. The Code shall, among other things, emphasize the Company's commitment to accurate billings consistent with Medicare and Medicaid requirements. The Code will be circulated to all employees upon implementation and annually thereafter, and to new employees within two (2) weeks of employment. Each employee shall sign an acknowledgment that he or she has read the Code. In addition, each manager and supervisor shall provide an annual certification that he or she personally has discussed with each appropriate

supervised employee the content and application of the Code, that strict compliance with the Code is a condition of employment, and that disciplinary action (including termination) will be taken for violating the principles and practices of the Code and applicable Medicare and Medicaid requirements. The Company will maintain and make available to the OIG upon request all certifications under this section.

B. Compliance Board

A corporate officer shall be appointed as compliance officer, and shall chair a Compliance Board (Board). The Board shall implement, maintain, and update the Code, and audit the Company's compliance with this Agreement. The Company shall notify the OIG of the names of individual Board members upon their appointment, and include notice of any changes thereto in its Annual Report.

C. Information, Education, and Hotline

The Company shall institute and maintain an information and education program designated to assure that each appropriate employee is aware (1) of the Code, (2) of the fact and substance of this Agreement and the nature of the conduct leading of its adoption, and (3) of the importance of employees abiding by the terms of the Agreement and all applicable laws, regulations and program requirements pertaining to the proper submission of Medicare and Medicaid claims. On an annual basis, each appropriate employee of the Company shall receive at least one hour of training on the Code.

The Company shall post in a prominent place accessible to each appropriate employee a notice detailing its commitment to comply with all applicable Medicare and Medicaid laws and regulations in the conduct of its business. The notice shall include the name of the Compliance Officer, and a telephone extension to serve as a "Hotline" for reporting any suspected misconduct. The Company shall include in its Annual Report to the OIG a summary of all communications made via the Hotline or directly to management, that the Company, after appropriate inquiry, believes may constitute a material violation of Medicare and Medicaid billing requirements, as well as a summary of the Company's efforts to address such material violations.

D. Outside Review

The Company will retain, on an annual basis, an independent review organization or individual, with experience and expertise in Medicare and Medicaid billing procedures, regulations and compliance therewith, such as a law, accounting, or consulting firm, who shall review, on an annual basis, the Medicare and Medicaid billing practices of the Company. To the extent that material deficiencies in accuracy or internal controls relating to billings are identified, the reviewer shall advise the Company and appropriate employees on methods to improve billing procedures. The Company shall provide the OIG in its Annual Report with a copy of any findings of the reviewer and report to the OIG the Company's corrections of any deficiencies with respect to Medicare and Medicaid billings. If no deficiencies are found by the independent reviewer, the Company will so report.

E. Dealing with Excluded or Convicted Persons or Entities

The Company shall implement a written internal operating policy that it shall not knowingly employ or contract with, with or without compensation, an individual or entity who is listed by a federal agency as debarred, suspended or otherwise ineligible to participate in federal programs. In order to carry out the policy, the Company shall make reasonable inquiry into the status of any current or potential employee, consultant, or contractor. Such reasonable inquiry shall include, at a minimum, review of the OIG List of Excluded Parties and the General Services Administration (GSA) List of Parties Excluded from Federal Procurement and Non-Procurement Programs.

The Company's policy does not require it to terminate the employment of individuals who become suspended or are proposed for debarment during their employment with the Company. The Company, however, will remove such employees from responsibility for, or involvement with the Company's Medicare or Medicaid business affairs. If the employee is convicted or debarred, the Company's policy may require that the employee will be terminated from employment with the Company. The Company shall notify the OIG of each such personnel action taken and the reasons therefor, within fifteen (15) days of the final action.

F. Reporting

1. Annual Report

The Compliance Board shall submit an Annual Report to the OIG within one year of the effective date of this agreement, and annually thereafter, which shall include:

- a) The schedule and subject outline for the information and education program described above in I (C).
- b) A summary of communications to the Hotline and other reports described above in I (C).
- c) A description of any changes, amendments, or additions to the Code.
- d) The status of any ongoing investigation of, or legal proceedings involving the Company, including times, places, and subject matter of any search warrants, subpoenas, criminal charges, and criminal or civil agreements.
- e) The composition of and any changes to the Review Board.
- f) The names of principal members of the Company management, including any changes to current management (Jim E. Mehaffey, President, Mark Brand Mehaffey, Vice President, and Barry A. Fontaine, Vice President).
- g) A statement by the Compliance Officer that the Review Board has verified that the certifications described above in I (A) are being maintained.
- h) A summary of any reports of misconduct described below in 2 (b), and their disposition.

2. Other Reporting

- a) The Company shall notify the OIG within five (5) working days of the time the Company learns of (a) the initiation of any criminal or civil investigation by any Governmental entity, (b) service of subpoenas on behalf of any state or federal governmental entity, and (c) service of search warrants and/or searches carried out in any the Company facility. Within a reasonable time period, the Company shall provide to the OIG as much information as necessary to allow the OIG to determine the

impact of the investigative or legal activity upon the present responsibility of the Company to continue as a Medicare and Medicaid supplier.

b) The Company shall notify the OIG within fifteen (15) days of discovery by management any suspected misconduct that management has reasonable grounds to believe may constitute a material violation of civil or criminal law. Within thirty (30) days thereafter, the Company shall notify the OIG on its investigation of and efforts to correct such misconduct.

G. Meeting with Counsel

At any time during the pendency of this Agreement, the OIG shall be available to the Company and/or its representatives for clarification of any and all parts of this Agreement.

II. OIG Inspection, Audit and Review Rights

In addition to any other right that the OIG or HCFA may have by statute, regulation, contract or pursuant to this Agreement, the OIG or HCFA or their duly authorized representative(s) may examine the Company's non-privileged books, records, and supporting materials for the purpose of verifying and evaluating: (a) the Company's compliance with the terms of this Agreement; (b) the Company's business conduct in its dealing with the United States Government, or any agencies or agents thereof; and (c) the Company's compliance with the requirements of the Medicare and Medicaid programs. The documentation described above shall be made available by the Company at all reasonable times for inspection, audit or reproduction. Furthermore, for purposes of this provision, HHS or its authorized representative(s) may interview any the Company employee who consents to be interviewed at the employee's place of business during normal business hours or at such other place and time as may be mutually agreed upon between the employee and HHS, provided that all communications with "controlling individuals," as that term is defined by DOJ regulations, are made through counsel representing the Company. Employees, except "controlling individuals," may elect to be interviewed with or without a representative of the Company present, but each employee shall expressly be advised of his or her right to have counsel present at the interview.

III. Breach and Default Provisions

In the event that the OIG believes the Company has materially breached one or more of its obligations under the Agreement, the OIG shall notify the Company of the alleged material breach by certified mail, specifying the nature and extent of the alleged material breach. The Company will have thirty (30) days from receipt of the notice: (a) to cure said material breach; or (b) otherwise satisfy the government that (1) it is in full compliance with this Agreement or (2) the material breach cannot be

reasonably cured within thirty (30) days, but that the Company has taken action to cure the material breach and is pursuing such action with diligence.

If, at the end of the thirty-day period described above, the OIG determines that the Company continues to be in material breach of one or more of its obligations under this Agreement, and that the Company is not taking appropriate action to cure such material breach, the OIG may, as its sole remedy, in writing and by certified mail, declare the Company to be in default and initiate proceedings to suspend or exclude the Company from participation in the Title XVIII (Medicare) program, the Title XIX (Medicaid) program and other State health programs as defined in Title 42 U.S.C. section 1320a-7(h) until such time as the material breach is cured. The document by which the OIG may declare the Company to be in default and notify the Company of the OIG's intention to exclude shall be hereafter referred to as the "Notice of Intention to Exclude Letter." In the event the Company fully cures the material breach or otherwise satisfies the OIG, it shall be promptly reinstated, retroactive to the date of cure.

Upon receipt by the Company of the OIG's Notice of Intention to Exclude Letter, the Company shall be entitled to the due process afforded a provider under 42 U.S.S. section 1320a-7(f). Notwithstanding any provision of Title 42 of the United States Code or Chapter 42 of the Code of Federal Regulations, the only issues in a proceeding for exclusion based on a breach of this Agreement shall be: (1) whether the Company was in material breach of one of more of its obligations under this Agreement, at the time of and as specified in the Notice of Intention to Exclude Letter; (2) whether such material breach was continuing on the date on which the OIG notified the Company of its proposal to exclude; and (3) whether the Company failed to cure the material breach or otherwise satisfy the OIG within thirty (30) days after receiving notice thereof from the OIG.

Subsequent to a final decision to exclude or suspend the Company, the Company shall have the right to seek reinstatement at any time, subject to the provisions of 42 C.F.R. § 1001 Subpart F.

IV. Modification

The Company and the OIG agree that any modification to this Agreement must be made by written consent of the parties.

V. Privileges

Nothing in this Agreement, or any communication or report made pursuant to this Agreement, shall constitute or be construed as any waiver by the Company of the Company's attorney-client, work product or other applicable privileges.

VI. Confidentiality

The confidentiality of all documents and other information provided by the Company in connection with its obligations under this Agreement shall be maintained by HHS except to the extent disclosure is required by law. Nothing in this Agreement shall be construed to prohibit HHS from providing information to any other department or agency of the United States Government or any State charged with enforcing the laws against health care fraud if the information relates to matters within the department's or agency's jurisdiction, provided that any such entity receiving such information shall be advised by HHS of the confidentiality provisions of this Agreement.

VII. Defenses

Nothing in this Agreement shall constitute or be construed as any waiver by the Company of any argument or defense, in law or equity, that the Company might raise in any legal or administrative proceeding, including any qui tam action, relating to the subject matter of this Agreement.

Breathco/Mediserv, Inc.

By: 

Date: 5/2/97

Office of Inspector General

By: _____

Date: _____

Lewis Morris
Assistant Inspector General
Office of Counsel to the Inspector General
Department of Health and Human Services

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Breathco/Mediserv, Inc.

By: _____

Date: _____

Office of Inspector General

By:  _____

Date: 5/21/97

Lewis Morris
Assistant Inspector General
Office of Counsel to the Inspector General
Department of Health and Human Services